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Marko Čadež, President of the Chamber of Commerce and Industry of Serbia (CCIS): We have a huge potential for the development of economic cooperation

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When it comes to the trade between Serbia and the United States, despite the significant growth in the past two years, the achieved trading results are far below the real possibilities. The potential for trade growth and greater use of the benefits of the Generalized System of Preferences (GSP) is indeed great.



In the past period, the economic cooperation between the two countries was primarily focused on American investments in Serbia. An increasing number of American investors in Serbia every year, and their contribution through production, exports and employment is increasing. According to American sources, the total investments of the US companies in Serbia, including investments from their European branches and through global acquisitions, have amounted to around 4 billion

dollars, says Marko Čadež in an interview for IN Focus America.

What is the impact of development aid on strengthening the economic sector, especially SMEs?

According to the statements from American officials in Belgrade, the United States, as one of the largest bilateral donors, has invested more than a billion dollars of development aid in Serbia in the past two decades, which is very important for our economy not only because of the amount of funds but also because that money was invested in programs that Serbia needs and which serve the overall economic and social development.

The Chamber of Commerce and Industry of Serbia is actively involved with the current USAID projects – the Cooperation for Growth project and the Competitive Economy project, but also with previously completed programs such as the Business Enabling Project (BEP). Together with USAID, the Chamber has implemented several activities with active participation from business people who were project beneficiaries. In addition to being the host of the official presentation of the 1,000 Companies Survey, which, this year, is being conducted for the ninth consecutive time, we have also worked together on creating and proposing a regulatory framework for an improved business environment, expediting economic growth and job creation, inspection reform, increasing the diversity and availability of financing sources financing for the private sector, primarily MSMEs, boosting e-commerce, increasing the capacity of small and medium-sized enterprises in the food industry and their value chains, improving competitiveness, innovation and the ability of Serbian companies to better position themselves in regional and international markets, etc.

We have also been cooperating in recent months, during the pandemic. We conducted a survey in the business sector called „Together Through Crisis“ which helped us to better understand the situation in the economy, detect the problems faced by companies and their expectations and to formulate the best possible proposal of activities and measures to eliminate the consequences of the health crisis.

How much have different support programs contributed to improving the trade between our two countries?

In terms of Serbia-the US trade, and despite the significant growth in the past two years, the worth of the external trade between the two countries, which stands at 854.4 million dollars, of which Serbian exports amounted to 303 million dollars, is far below the real possibilities. The potential for trade growth and better utilization of the Generalized System of Preferences (GSP) is great. The agricultural and food sector, metal processing (car parts and metal processing), textile and furniture industry and energy (wind and solar farms) can increase exports to the US and boost the cooperation (between the two countries). I should also mention the armament industry, which recorded a significant export of ammunition for hunting and sports in the previous period.

The Chamber of Commerce and Industry of Serbia is very committed to promoting Serbia as a destination for American investments, especially export-oriented ones, as well as promoting the potential of Serbian companies to increase exports to the US and connect with US companies. In addition to the activities of USAID projects which have been contributing to the improvement of the economic environment in Serbia and building the capacity and competitiveness of the economy and companies individually as a prerequisite for trading in a more successful market, such as the US, thanks to USAID's technical and financial support, our top food producers participated in the Fancy Food Show in New York City last year. We also received significant financial support from USAID for our companies presenting themselves at the national pavilions at fairs such as PLMA in Amsterdam and Fruit Logistica in Berlin.

If it weren't for the current health crisis, business delegations would have already travelled to the US this spring, which was agreed with the U.S. Chamber of Commerce back in January. According to that agreement, the Chamber of Commerce and Industry of Serbia and the U.S. Chamber of Commerce would organize an American business delegation's visit to Serbia and vice versa, during which businesses from Serbia and the region would present in the United States their potentials and new opportunities that are opening up to potential investors with a formation of the common Western Balkan market. These talks are an excellent basis for the realization of our activities once the pandemic subsides, i.e as soon as conditions permit because they are mutually beneficial.

The Generalized System of Preferences is valid for Serbia until the end of 2020. Do you expect it to be renewed in 2021 and how important is it for boosting external trade (between the two countries)?

We believe that, despite the current problems and the effort on eliminating the consequences of the COVID-19 pandemic, the Congress and the President of the United States will make a new decision on extending Serbia's preferential trade status early next year, after the current one expires. All the more so because the GSP program is mutually beneficial for the economies of the two countries and can significantly affect the better use of potential and the improvement of trade between Serbia and the United States.

The fact that Serbian businesses can export over 3,500 mostly industrial and agricultural products duty-free or at minimal export duties to a market as big as the American is very important for them. As a result of constantly providing information to our members, their participation in conferences and training sessions organized by our Chamber in the past period, a number of companies are now familiar with the GSP system and have been increasingly using its benefits.

This is validated by the data on the increasing use of preferences, which only last year increased by 20 percent compared to the previous year. Last year, we also had the pleasure of hosting representatives of the USTR office responsible for the development and coordination of American international trade policy and allowed our business community to learn first-hand about the benefits of this system.



The Chamber of Commerce and Industry of Serbia has set up the first Serbian IT business accelerator in the US, and you have also announced the opening of the Serbian House in Silicon Valley. IT cooperation was also one of the topics you discussed at the meeting you had in Washington, D.C. in January this year.

Trading in services is gaining on importance in the external trade between the two countries, with both export and import of services growing by a third last year (to amount to 800 million dollars). Unlike trading in goods, in which Serbia has been recording a deficit when it comes to trading in services, Serbia's export to America was worth 596 million dollars and has a surplus that exceeds the value of exported goods to America. The fast-growing Serbian ITC sector, which the world and American media call the Western Balkan Silicon Valley and whose innovative products are already used by American companies and institutions, has special potential for further boosting the trading in services. For us, this is especially important when we know that America holds a third of the global IT services market, is among the most innovative countries in the world and the seat of the largest multinational technology companies.

During my stay in America, I also talked about this with the leading people of the Information Technology Industry Council (ITI). The COVID-19 pandemic has only temporarily postponed the implementation of important agreements we concluded with our American partners and the announced visit to Serbia of the representatives of the ITI. We received a lot of praise and good evaluation from our American interlocutors regarding our activities on the digitization of the economy, increasing the export of IT services and developing educational programs for IT professionals. We also received support for our Chamber's and the members' initiative open the Serbian House in Silicon Valley, which would host entrepreneurs and technology experts from Serbia and the Western Balkans and improve the ties with this global technology hub.

The US also supports the formation of a so-called Mini Schengen Area in the Western Balkans. Why is this so important?

Strengthening regional integration, faster European integration of the Western Balkan countries and formation of the Mini Schengen Area were the focus of all the meetings I had with influential representatives of American institutions and organizations (congressmen, senators, the State Department, the Atlantic Council experts, and the representatives of the business sector and associations) during my stay in Washington. Efforts to build a common regional economic space in the Western Balkans, the formation of the Mini Schengen Area and the activities of the Chamber's ZB6 Investment Forum received, without exception, the unequivocal support of the American interlocutors.

The United States has recognized the opportunity for having a constructive role in the Western Balkans, providing a new economic approach to resolving challenges in the Western Balkans, such as the Kosovo problem, contributing to stability in the region and supporting the Mini Schengen project as a new agenda for growth and economic strength and expediting reforms to make the Western Balkan economies more ready to join the European Union as quickly as possible. We agreed that it is very important that, through the implementation of previous agreements, the region feels the first effects as soon as possible, so that the economy begins to enjoy concrete benefits.

The common position in all the talks I had at that time, but also in the previous and subsequent communication with the American interlocutors, could be summed up in the following words – the Mini Schengen initiative came from the region and the countries that initiated it should continue to own it and lead it, but the US and EU's support for the "new regional agreement" is especially important. This is in the best interest of the region, but also of the European Union and the United States.

With the outbreak of the COVID-19 pandemic, regional economic connections and cooperation, the faster formation of the common Western Balkan market and a deeper involvement of the region in the single legal and economic system of the European Union have become even more important. The new circumstances have further raised the awareness of the importance of stronger regional connections in the coming period, but also confirmed the readiness of Western Balkan

economies to cooperate more closely, as evidenced, for example, in the establishment of green corridors for faster and easier transport of goods in the region. I also talked about this in my recent telephone conversation with Matthew Palmer, US Deputy Assistant Secretary of State and US Special Representative for the Western Balkans.

The news that Serbian and Kosovar businesspeople renewed their business relations and that trade was running smoothly went relatively unnoticed in the media. How important was the influence of American diplomacy in this progress?

Serbian and Kosovar business community, as well as the business community of the entire region, which assembles the chambers of commerce that are members of the Chamber Investment Forum, are grateful to American diplomacy for the new economic approach to solving Balkan challenges, primarily the Kosovo issue. We are especially grateful to Mr Grenel for his contribution, energy and enthusiasm worthy of all respect. This new approach first resulted in an agreement on the resumption of direct flights between Belgrade and Priština and then contributed to the abolition of the fee introduced by the official Priština, which for almost a year and a half caused great damage not only to our economies but also to international companies operating here and were the biggest obstacle to further normalization of relations between Belgrade and Pristina, otherwise crucial for the stability and further progress of the region.

The speed at which the business communities renewed their business relations, following the abolition of the fee, speaks volumes about the importance that mutual communication, making business deals, buying goods from each other and free movement of people, goods and capital has for the companies from both sides of the administrative border.

Although the conditions are incomparable, although the fee was abolished amid the coronavirus epidemic when transport was difficult everywhere, and although businesses from Kosovo had contracts with suppliers from other markets, which they concluded while the fee was still in place, the mutual trade returned to a half of the one we had in regular circumstances, without the fee, in the same period in 2018. I believe that, with the normalization of the health situation, we will very soon return to the old level and further increase mutual trade. I also believe that we will have the opportunity to see the first investments, joint ventures and joint appearances of Kosovar and Serbian businesses in the region and the world, including the agreed joint presentation of IT companies in America. As always, our business people will receive the maximum support from the chambers of commerce of Serbia and Kosovo as their business associations.

Tags: [Chamber of Commerce and Industry of Serbia](#), [IN Focus America](#), [Marko Čadež](#)